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Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ISO-00 COME-00 TRSE-00 OMB-01 STR-04
/023 W
----------091046Z 129012 /23
R 090733Z JUN 77
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 1621
INFO AMCONSUL IBADAN
AMCONSUL KADUNA

UNCLAS LAGOS 6487

E.O. 11652: N/A
TAGS: EINV, NI
SUBJECT: INDIGENIZATION

1. IN RESPONSE TO NIGERIAN ENTERPRISE PROMOTION BOARD (NEPB) INVITATION SENT THROUGH MEA, EMBASSY REP. SAW NEPB CHAIRMAN ALI AL-HAKIM JUNE 7. AL-HAKIM SAID PURPOSE OF MEETING WAS "TO DISCUSS WAY OF IMPLEMENTING THE DECREE (NIGERIAN ENTERPRISE PROMOTION DECREE OF 1977) AS QUICKLY AS POSSIBLE." ACCORDING TO THE CHAIRMAN, 1200 TO 1500 ENTERPRISES ARE AFFECTED BY THE NEW DECREE WHICH CARRIES MORE EXTENSIVE PAPERWORK REQUIREMENTS THAN PREVIOUS INDIGENIZATION MEASURES. HE STATED THAT THE CAPITAL ISSUES COMMISSION (CIC) ALONE NEEDED AT LEAST THREE MONTHS TO PROCESS A SHARE VALUATION APPLICATION. HOWEVER ONLY 300 FIRMS HAVE INITIATED THE PROCESS SO FAR. TO AVOID A PAPERWORK JAM UP TOWARDS THE END OF THE GRACE PERIOD (ENDING DECEMBER 31, 1978), AL-HAKIM ASKED EMBASSY TO URGE U.S. FIRMS OPERATING HERE TO BEGIN PAPERWORK TO CONFIRM TO 1977 DECREE ASAP. EMBOFF ASSENTED TO AL-HAKIM"S REQUEST.

2. AL-HAKIM NOTED THAT IF ENTERPRISES AFFECTED DID NOT BEGIN PROCESSING SOON, HE WOULD BE "FORCED" TO IMPOSE A TIMETABLE. HE ARGUED THAT THE DECREE"S LANGUAGE WAS SUFFICIENTLY BROAD TO SUPPORT SUCH ACTION DESPITE THE DECREE"S EXPLICIT
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DECEMBER 31, 1978 COMPLIANCE DEADLINE. PERHAPS ANTICIPATING EMBOFF"S INCREDULITY, AL-HAKIM QUICKLY ADDED THAT EVEN IF THE 1977 DECREE DID NOT EMPOWER HIM TO INVOKE AN EARLIER COMPLIANCE DATE, THE FMG WOULD SURELY ANNOUNCE AN AMMENDING DECREE ALLOWING HIM TO DO SO.

3. COMMENT: ON TAKING OFFICE SEVERAL MONTHS AGO, AL-HAKIM

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WAS RUMORED TO BE A HARD CHARGER, BUT LITTLE EVIDENCE SUPPORTED THIS EVALUATION UNTIL NOW. IN ADDITION TO TOUGHER STANCE ON THE 1977 DECREE"S COMPLIANCE SCHEDULE, AL-HAKIM IS OVERSEEING AN EXPLOSIVE PERSONNEL GROWTH IN THE NEPB WHICH WILL PUT NEPB OFFICERS IN EVERY STATE OF THE FEDERATION.

4. TOTAL OF NINE EMBASSIES/HIGH COMMISSIONS HAVE BEEN INVITED TO HEAR AL-HAKIM"S EXHORTATION. THEY ARE U.S., U.K., WEST GERMANY, NETHERLANDS, FRANCE, ITALY, SWITZERLAND, LEBANON, AND INDIA, WHO ACCOUNT FOR 80 PERCENT OF ALL FOREIGN INVESTMENT HERE (NEPB ESTIMATE).

5. EMBASSY POUCHING COPY NEW NEPB BASIC DATA QUESTIONAIRE WHICH NEPB WILL BE FORWARDING TO ALL AFFECTED ENTERPRISES.

6. SEPTEL REPORTS ON QUESTION AND ANSWER SESSION BETWEEN EMBOFF AND AL-HAKIM FOLLOWING CHAIRMAN"S FORMAL PRESENTATION. EASUM

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Disposition Approved on Date:
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Disposition Comment:
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Executive Order: N/A
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